

Message Text

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15

ACTION AF-06

INFO OCT-01 EUR-12 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

PA-01 PRS-01 /110 W

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R 011420Z OCT 75

FM AMEMBASSY NIAMEY

TO SECSTATE WASHDC 1883

INFO AMEMBASSY ABIDJAN

AMEMBASSY ALGIERS

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY PARIS

AMEMBASSY N

C O N F I D E N T I A L NIAMEY 3919

E.O. 11652: GDS

TAGS: EGEN ENRG NG

SUBJECT: URANIUM PRODUCERS MEETING

1. SUMMARY. COMING TO NIAMEY AT GON REQUEST SEPT 25-27
REPRESENTATIVES OF COMPANIES IN THE URANIUM SECTOR
HEARD PLEAS BY PRESIDENT KOUNTCHE AND OTHER GON OFFICIALS FOR
SPECIFIC PLEDGES TOWARD CONSTRUCTION OF \$100 MILLION
TAHOUA-ARLIT ROAD. COMPANIES, INCLUDING ESSO, GAVE
NONCOMMITTAL RESPONSE ALTHOUGH SOME LESS NEGATIVE THAN
OTHERS. GON DID NOT RPT NOT PRESS LINKAGE BETWEEN PRIVATE
SECTOR ACTIVITIES AND OFFICIAL AID LEVELS. GON EMPHASIZED
THAT DONOR STATES ALREADY HEAVILY INVOLVED IN OTHER SECTORS
AND THAT COMPANIES THEMSELVES BEING ASKED TO UNDERTAKE
DEVELOPMENT PROJECTS OF DIRECT BENEFIT TO THEM. WHILE
THIS MIGHT HAVE BEEN TACTICAL GAMBIT TO HOLD COMPANIES'
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FEET TO FIRE, INDICATIONS ARE THAT GON, WHILE PONDERING

NEXT MOVES, DOES NOT PLAN TO CALL IN GOVERNMENTS. END SUMMARY.

2. FIFTEEN COMPANIES FROM SEVEN COUNTRIES WERE PRESENT INCLUDING : JPTC (JAPANT; COMINWN (CEA AND OURD OF JAPAN); ENUSA (SPANISH ATOMIC ENERGY GROUP); SOMAIR (CEA,PECHINEY, AGIP AND URANGESELLSCHAKW); PANOCEAN (CANADA); URANGESELL-SCHAFT (GERMANY); PECHINEY-MOKTA (FRANCE); AGIP (ITALY); AOC (JAPANESE-SAUDI-KUWAITI CONSORTIUM); CONOCO (US); ESSO (US); CEA (FRANCE); OURD (JAPAN); CFMU (FRANCE); PNC (JAPAN); KCD OIEA (IRAN) AS OBSERVER AT INVITATION OF CEA.

3. MEETING WAS POORLY ORGANIZED AND GOT OFF TO LATE START. BEFORE FORMAL SESSIONS BEGAN REPRESENTATIVES WEREABLE TO READ "OPENING" SPEECH BY ACTING MINISTER OF MINES MOUKEILA INNDRIDAY'S SAHEL SAYICNG "IT NECESSARY TO SEE BEYOND COMPANIES TO STATES TO WHICH COMPANIE BELONG." BETWEEN THURSDAY (WHEN DRAFT SPEECH PROBABLY RELEASED TO PRESS) AND FRIDAY, HOWEVER, THERE WAS A SWITCH IN SIGNALS. MOUNKIELI'S ACTUAL OPENING REMARKS EXPRESSED THANKS FOR GOVERNMENT AID EFFORTS AND INDICATED IT IS RESPONSIBILITY OF COMPANIES -- NOT GOVERNMENTS-- TO UNDERTAKE TAHOUA-ARLIT ROAD. THIS LINE WAS CONFIRMED WHEN COMPANY REPRESENTATIVES DEMURRED TO GON PITCH SAYING THAT PROJECTS OF SUCH MAGNITUDE MORE SUITABLE FOR GOVERNMENTS TO UNDERTAKE. GON REPLY WAS THAT GOVERNMENTS NOT AT PRESENT INVOLVED.

4. ESSO REP BACKUS TELLS US GON PRESENTATION WAS RAMBLING AND DIFFUSE, MARKED BY WIDELY VARYING ESTIMATESOF SUMS REQUIRED AND TIMETABLE FOR ROAD CONSTRUCTION. CONSTANT THEME, HOWEVER, WAS THAT MEETING WAS PLEDGING SESSION AND THAT COMPANIES SOMEHOW HAD TO AGREE ON THE SPOT TO ASSUME PRO-RATED SHARES. FINALLY GON SAID IT WILLING TO SETTLE FOR COMMITMENT IN PRINCIPLE ON PART OF COMPANIES TO BUILD ROAD. DRAFTINGCOMMITTEE TRIED TO REACH ACCOMMODATION BY PUTTING TOGETHER UPBEAT BUT NON COMMITTAL COMMUNIQUE SAYING THAT COMPANIES WOULD CONSULT SHAREHOLDERS AND DIRECTORS AND REPORT BACK TO GON BUT PROMISING NOTHER MORE. BACKUS SAYS THAT DURING THESE SESSIONS, CAA BROKE RANKS WITH OTHER COMPANIES AND SIGNED CONFIDENTIAL

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WILLINGNESS TO ACCEPT PRINCIPLE THAT COMPANIES SHOULD CONTRIBUTE TO BUILDING ROAD. MEETING ADJOURNED IN STATE OF UNCERTAINTY AND WITH GON ADMONISHING REPRESENTATIVES TO COME UP WITH TANGIBLE RESULTS WITHIN THRITY DAYS. FINAL VERSION OF COMMUNIQUE (SEE SEPTTEL) SAYS COMPANIES ARE UNANIMOUS IN RECOGNIZING "URGENCY, INTEREST AND IMPORTANCE OF PROJECT" AND AGREE TO "INFORM NIGER WITHIN A MONTH OF THE POSSIBILITIES AND MODALITIES OF THEIR PARTICIPATION".

5. RESULT SO FAR IS A STAND-OFF BUT OUR IMPRESSION IS THAT GON DOES NOT VIEW INITIATIVE AS A SUCCESS AND IS DISAPPOINTED NOT TO HAVE ACHIEVED MORE. IT SEEMS BOTH SURPRISED AND CHASTENED BY OVERALL REACTION AND IS PROBABLY WONDERING WHERE TO GO FROM HERE. THAT HITTING UP COMPANIES ON A PROJECT OF THIS MAGNITUDE IS NAIVE AND UNREALISTIC IDEA, BOUND TO REFLECT ADVERSELY ON NIGER'S INTERNATIONAL IMAGE, MAY HAVE STARTED TO DAWN ON GON LEADERS BY END OF SESSION. AT SAME TIME, HAVING COME THIS FAR, GON NOW HAS A PSYCHOLOGICAL STAKE IN KEEPING EFFORT ALIVE AND WILL FIND IT DIFFICULT TO WITHDRAW, ESPECIALLY SINCE SOME COMPANIES MAY ACTUALLY BE GIVING GON ENCOURAGEMENT TO MOVE AHEAD.

6. MOST CURIOUS ASPECT OF WHOLE EXERCISE IS HOW GON GOT INVOLVED AT ALL. EVEN TAKING FULL ALLOWANCE FOR INEXPERIENCE, IT IS HARD TO IMAGINE AN INITIATIVE LIKE THIS GETTING UNDERWAY WITHOUT SOME FOREIGN SPONSORSHIP. A SUSPICIOUS MIND COULD FIND CONFIRMATION OF FRENCH INITIATIVE IN CEA'S APPARENTLY FORTHCOMING POSTURE. IF GOV/CEA WERE WILLING TO MAKE FINANCIAL CONTRIBUTION TO RAOD PROJECT, IT WOULD BE GOOD WAY OF SCORING POINTS WITH GON AND ONE-UPPING OTHER CONCESSIONAIRES WHILE REAPING COMMERCIAL ADVANTAGE FOR FRENCH FIRMS. SUCH GAMESMANSHIP IS, OF COURSE, NOT PRECLUDED BY CLOSE AND FRIENDLY WORKING RELATIONSHIP WHICH EXISTS BETWEEN OUR TWO MISSIONS HERE. HECK

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